

## NEBRASKA TAX GUIDE FOR CHARGE CARD PURCHASES BY NEBRASKA STATE GOVERNMENT AND ITS EMPLOYEES

### OVERVIEW

When the State of Nebraska is the direct purchaser of any taxable property or services, the sale is tax exempt. Purchases by State of Nebraska government employees using a charge card issued by the State of Nebraska Purchasing Card Program are exempt when supported by a completed [Nebraska Resale or Exempt Sale Certificate, Form 13](#).

Purchases by State of Nebraska government employees using any other charge card are taxable, even if the employee is reimbursed for his or her expenses while conducting business for, or on behalf of, the State of Nebraska.

*This information guide is intended to provide an overview. Nothing in this guide supersedes, alters, or otherwise changes any provisions of the Nebraska tax code, regulations, Nebraska Department of Revenue (Department) rulings, or court decisions.*



*This information guide may change with updated information or added examples. The Department recommends you do not print this guide. Instead, sign up for the subscription service at [www.revenue.ne.gov](http://www.revenue.ne.gov) to get updates on your topics of interest.*

### TERMS

**Cardholder.** The cardholder is the director or authorized employee of a particular state agency responsible for making purchases for the state agency.

**State of Nebraska Purchasing Card Program.** This program was established by [Neb. Rev. Stat. § 81-118.02](#) to provide state officials, state agencies, and certain political subdivisions with a cost-effective purchasing process, and to provide direct payment for purchases of certain goods and services for, and on behalf of, the State of Nebraska. The program is administered by the Department of Administrative Services, State Accounting Division. All purchases made using charge cards issued under this program are directly billed to, and paid by, the State Accounting Division, which will then bill each state agency for the charges made by its respective cardholders.

### PURCHASES MADE BY NEBRASKA STATE GOVERNMENT EMPLOYEES

In Nebraska, only charge card purchases where the entire balance is directly billed to, and paid by, the governmental unit are tax exempt. The governmental unit's exempt status cannot be transferred to its employees. Since purchases made with a State of Nebraska Purchasing Card are directly billed to, and paid by, the governmental unit, the purchases are exempt when supported by a [Form 13](#).

Every State of Nebraska Purchasing Card has all of the following characteristics:

- ❖ VISA card issued by US Bank;
- ❖ The first four digits of the account number are 4485;
- ❖ The card's background is grey with the shape of Nebraska in red in the upper right-hand corner; and
- ❖ The name of the state agency and assigned cardholder are printed on the card.



A purchase made with any charge card other than the State of Nebraska Purchasing Card, as identified above, is taxable, since any other charge card purchase is considered to be made by the employee, not the Nebraska governmental unit. The exempt status of the Nebraska governmental unit does not extend to purchases made by its employees, even if the employees are reimbursed for the purchases.

**Note: Purchases made by non-Nebraska governmental units (or their employees) are taxable.**

**Vendor Records.** Vendors must capture the identifying characteristics listed above from the charge card to verify that the proper charge card was used for the exempt purchase. The vendor is encouraged to photocopy the charge card used, and attach it to the Form 13 obtained from the state agency making the purchase.

## RESOURCE LIST:

- ❖ [Governmental Entities Information Guide](#)
- ❖ [Nebraska Sales and Use Tax Regulation 1-093 - Governmental Units](#)

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